

Introduction

The Yellow Pages® *Small Business Index* is an ongoing series of surveys designed to track confidence and behaviour in the small business sector.

The primary objectives of the Index are to track small business activity over the past three months; expectations over both the next three and 12 months; and to measure overall confidence within the small business community. A second purpose is to provide an independent, objective assessment of proprietors' experience and attitudes on key issues.

The Index is an initiative of Pacific Access as part of its commitment to this vital business sector and is conducted by the research firm Brian Sweeney and Associates. Economic advice is provided by economic consultants, Marsden Jacob Associates. Dr. John Marsden is the former chief economist of Capel Court, National Mutual Royal Bank and the Australian Bankers Association.

About the Survey

The Index is the largest economic survey of small business in Australia and focuses specifically on businesses employing 19 people or fewer.

The Index uses a panel of at least 1,200 randomly selected small business proprietors who are interviewed by telephone every three months.

On occasion, the Index undertakes specialised studies of different issues. The February 1998 survey collected data from medium size businesses. These are defined as businesses employing between 20 and 200 employees inclusive. The survey used a panel of 450 medium size businesses for this component of the Index. Data from the medium size sector are reported separately and are not included in the results for small business elsewhere in the report.

The panel was drawn from all metropolitan and non-metropolitan regions of Australia. Quotas are set on geographical location and type of business to produce the standard sample structure shown opposite. Where replacement panellists are recruited, this sample structure is maintained.

Because this is a quota sample, at the analysis stage results are weighted by selected ANZSIC divisions within the metro and non-metro region of each state or territory to reflect the actual small business population distribution. The ABS Business Register as at June 1996 is used to weight the sample to be representative of the total business population.

Interviewing for this latest (February 1998) survey was conducted over the period 28th January to 9th February 1998. The report covers the experience over the past three months (November, December and January) and expectations for both the current quarter (February, March, April) and the 12 months ending February 1999.

Location of Business

	TOTAL	METRO	NON-METRO
NSW	200	160	40
VIC	200	160	40
QLD	200	110	90
SA	150	130	20
WA	150	130	20
TAS	100	60	40
NT	100	60	40
ACT	100	100	—
TOTAL	1200	910	290

Division

MANUFACTURING	215
BUILDING/CONSTRUCTION	215
WHOLESALE/RETAIL	215
TRANSPORT/STORAGE	125
FINANCE/PROPERTY/BUSINESS SERVICES	215
RECREATION/PERSONAL & OTHER SERVICES	215
TOTAL SAMPLE	1200

Small Business Outlook - National Summary

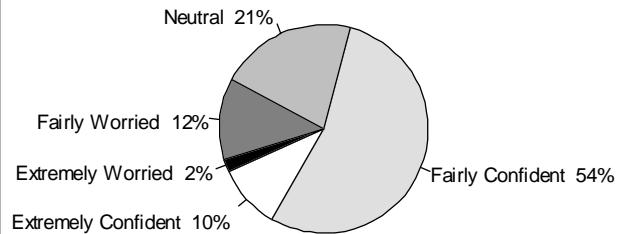
CONFIDENCE IN PROSPECTS OVER THE NEXT 12 MONTHS

Nationally, small business confidence firmed slightly over the three months to February 1998, and is now at the highest level since the post-election peak of May 1996.

Across the sectors, confidence jumped sharply in transport/storage. Proprietors in manufacturing and business services also reported significant rises. In contrast, confidence in the personal services sector fell.

Across the states and territories, confidence rose most strongly in Queensland and weakened most significantly in the Northern Territory.

Overall Confidence - February 1998



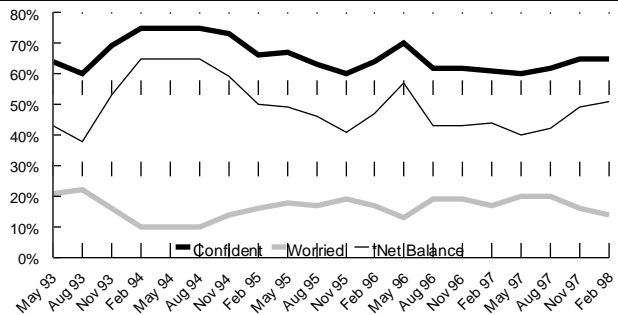
SOURCE: Yellow Pages® Small Business Index
Brian Sweeney & Associates - February 1998

Confidence Trends - Past Five Quarters

	Feb 97	May 97	Aug 97	Nov 97	Feb 98
Extremely Confident	7%	8%	9%	11%	10%
Fairly Confident	54%	52%	53%	54%	54%
Neutral	22%	20%	18%	18%	21%
Fairly Worried	14%	16%	16%	14%	12%
Extremely Worried	3%	4%	4%	3%	2%
Total Confident	61%	60%	62%	65%	65%
Total Worried	17%	20%	20%	16%	14%
*NET BALANCE	+44%	+40%	+42%	+49%	+51%

SOURCE: Yellow Pages® Small Business Index
Brian Sweeney & Associates - February 1998

Confidence - Long Term Trends



SOURCE: Yellow Pages® Small Business Index
Brian Sweeney & Associates - February 1998

Trends By State *Net Balance

	Feb 97	May 97	Aug 97	Nov 97	Feb 98
NATIONAL	44%	40%	42%	49%	51%
NSW	47%	43%	52%	55%	57%
VIC	40%	39%	42%	50%	45%
QLD	38%	28%	23%	30%	43%
SA	48%	57%	50%	60%	61%
WA	58%	51%	48%	52%	55%
TAS	28%	24%	32%	28%	33%
NT	51%	51%	77%	77%	67%
ACT	35%	6%	31%	44%	45%

SOURCE: Yellow Pages® Small Business Index
Brian Sweeney & Associates - February 1998

Trends By Sector *Net Balance

	Feb 97	May 97	Aug 97	Nov 97	Feb 98
All Businesses	44%	40%	42%	49%	51%
Manufacturing	49%	34%	39%	38%	49%
Building/Construction	33%	37%	45%	51%	51%
Wholesale/Retail	33%	24%	28%	37%	36%
Transport/Storage	34%	48%	32%	33%	62%
Business Services	60%	49%	54%	54%	62%
Personal Services	48%	53%	52%	61%	55%

SOURCE: Yellow Pages® Small Business Index
Brian Sweeney & Associates - February 1998

*Net balance is defined as the difference between the percentage reporting an increase and the percentage reporting a decrease.



ECONOMIC OUTLOOK

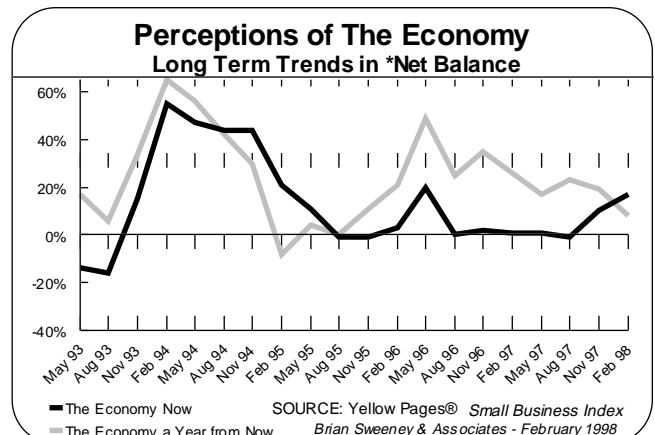
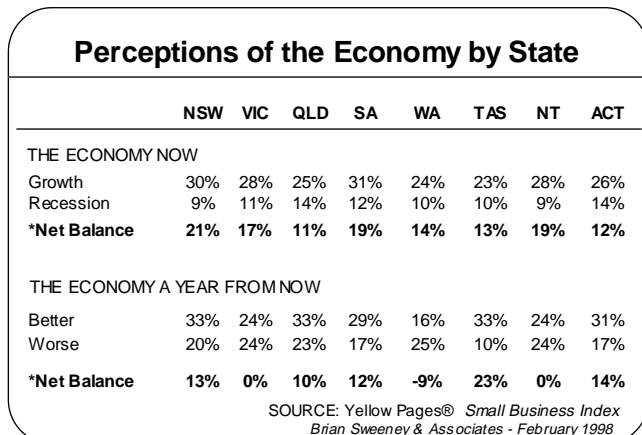
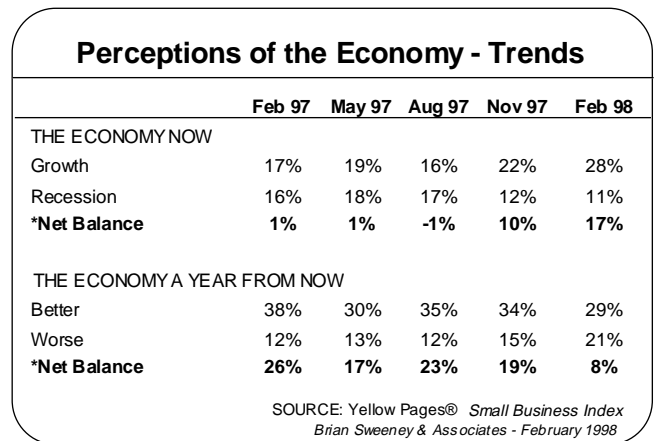
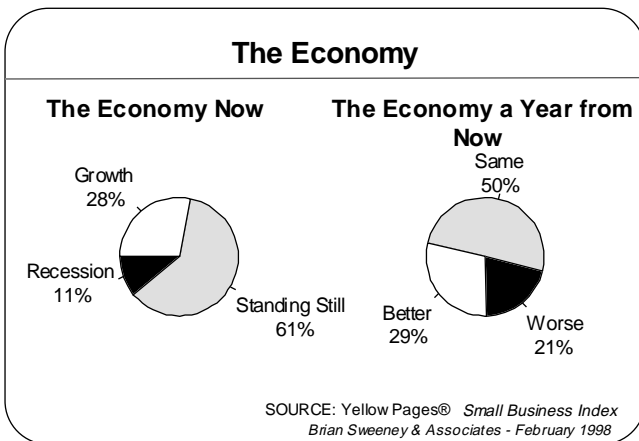
The number of proprietors seeing the economy as growing rose significantly over the past three months. A net 17% of small businesses now see the economy as growing compared with a net 10% only three months ago. Six months ago more small businesses saw the economy in recession than saw it in growth.

With the exception of the election induced euphoria in the May 1996 survey, small businesses' assessment of the economy is now at the strongest level since February 1995.

Proprietors in all states and territories are strongly positive about the current state of the economy.

Expectations for an improved economy in 12 months' time are positive but much weaker than in the previous survey. Only a net 8% expect a better economy compared with 19% in November 1997 and 23% six months ago.

Businesses in Western Australia are the most gloomy in the country. More businesses expect the economy to worsen than improve. Expectations also slumped in Victoria and the Northern Territory.



*Net balance is defined as the difference between the percentage with a positive outlook and the percentage with a negative outlook.

EXPECTATIONS ON KEY INDICATORS OVER THE NEXT 12 MONTHS

Expected small business growth over the next 12 months is stable for all key indicators.

This stability in growth expectations for their own business contrasts with proprietors' widespread concern about the future for the economy overall.

Expectations On Key Indicators Over The Next 12 Months - February 1998

	Expect An Increase	Expect A Decrease	*Net Balance
Value of sales	66%	8%	58%
Size of workforce	25%	3%	22%
Wages bill	42%	4%	38%
Prices charged	44%	2%	42%
Profitability	63%	8%	55%
Capital expenditure	34%	15%	19%

SOURCE: Yellow Pages® Small Business Index
Brian Sweeney & Associates - February 1998

Expectations On Key Indicators Over Next 12 Months - Trends in *Net Balance

	Feb 97	May 97	Aug 97	Nov 97	Feb 98
Value of sales	61%	53%	56%	57%	58%
Size of workforce	21%	20%	22%	22%	22%
Wages bill	36%	32%	36%	37%	38%
Prices charged	40%	41%	40%	42%	42%
Profitability	54%	50%	51%	53%	55%
Capital expenditure	16%	13%	17%	17%	19%

SOURCE: Yellow Pages® Small Business Index
Brian Sweeney & Associates - February 1998

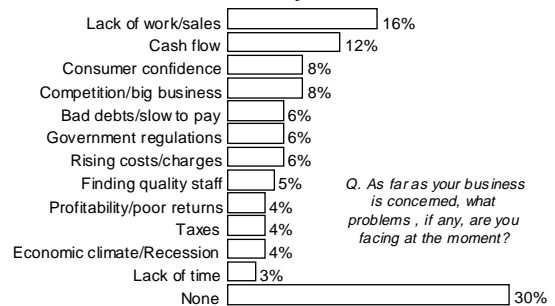
CONCERNS

Some 30% of proprietors reported facing no problems at the moment.

While lack of work/sales remains the major concern, the number of proprietors spontaneously mentioning this aspect is one of the lowest since the Index began in May 1993. Nevertheless, 16%, overall, and as many as 32% of Tasmanian small businesses, and 26% of those in the ACT, report this as a problem.

Cash flow, consumer confidence and competition from big business also figure prominently in this (unprompted) assessment of business concerns.

Prime Concerns February 1998

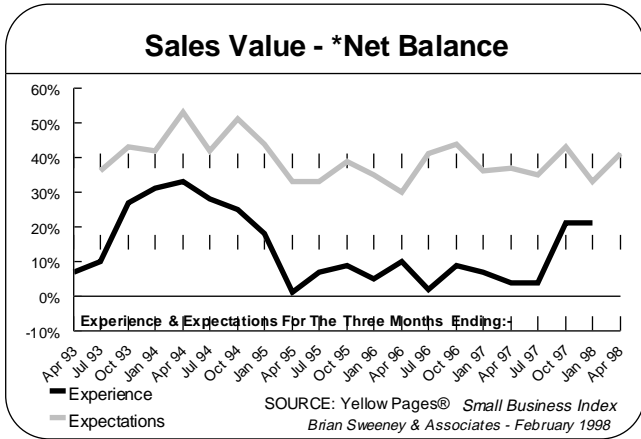


SOURCE: Yellow Pages® Small Business Index
Brian Sweeney & Associates - February 1998



*Net balance is defined as the difference between the percentage reporting an increase and the percentage reporting a decrease.

SALES



Nationally, the sharp lift in small business sales growth reported in spring (August-October) has been sustained over the summer (November-January).

A net 21% of small businesses reported increased sales growth in the three months ending January — in line with the previous quarter. Six months ago only 5% reported growth.

Sales growth at or above these levels was last recorded by the Index in the boom period November 1993 to November 1994.

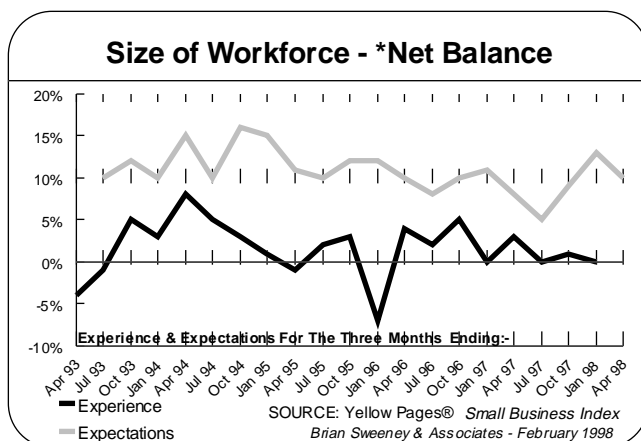
Sales growth in manufacturing and personal services strengthened substantially for a second successive quarter.

Across the states and territories, sales growth strengthened in Victoria and Queensland and fell sharply in Western Australia and the Northern Territory.

Nationally, sales growth expectations for the current quarter (February-April) have firmed, particularly in business services and transport/storage.

Sales growth expectations are strongest in New South Wales and the Northern Territory and relatively uniform elsewhere.

EMPLOYMENT



Small business proprietors reported no growth in employment in the three months to end January. The number of firms reporting increased employment was exactly offset by the number reporting employment reductions.

Across the sectors there was little variation—in contrast to the divergent results across the states and territories.

Both New South Wales and the ACT recorded net declines in jobs growth. In contrast, Northern Territory, South Australia and Tasmania rebounded to report positive job growth.

Employment growth expectations for the current quarter have eased slightly.

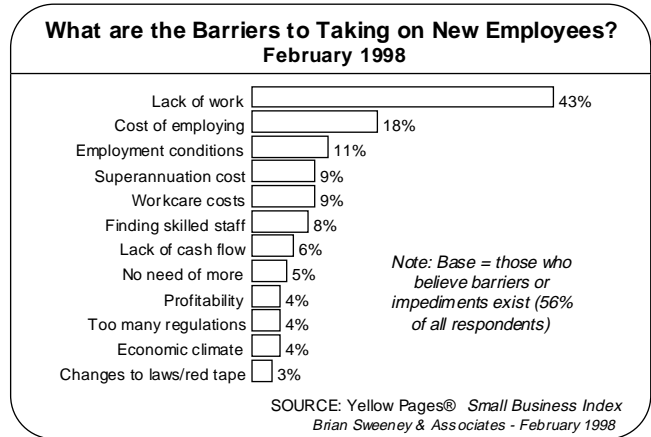
**Net balance is defined as the difference between the percentage reporting an increase and the percentage reporting a decrease.*



IMPEDIMENTS TO JOB GROWTH

In the latest survey, 56% of respondents reported that there were barriers or impediments to taking on new employees. This compares with 63% three months ago.

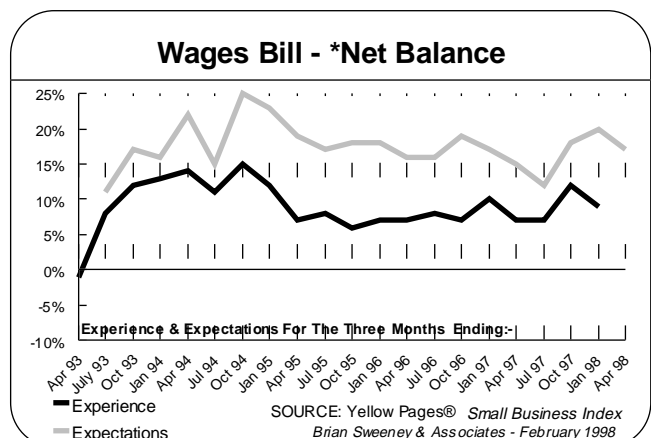
Lack of work is the primary impediment, with the cost of employment and employment conditions (such as unfair dismissal legislation) also figuring prominently.



WAGES BILL

A reduced number of small businesses reported wages bill growth—in the three months ending January 1998 — down from a net 12% to 9%.

Expected growth in wages bills for the current growth has also eased slightly.



*Net balance is defined as the difference between the percentage reporting an increase and the percentage reporting a decrease.



PROFITABILITY & CAPITAL EXPENDITURE

Growth in small business profitability has continued to strengthen. A net 19% of small businesses reported increased profits in the past three months (November-January), up from 11% for the previous quarter and only 1% six months ago.

The further strengthening of profit growth over summer, when sales growth remained high but unchanged, suggests some improvement in margins for small businesses.

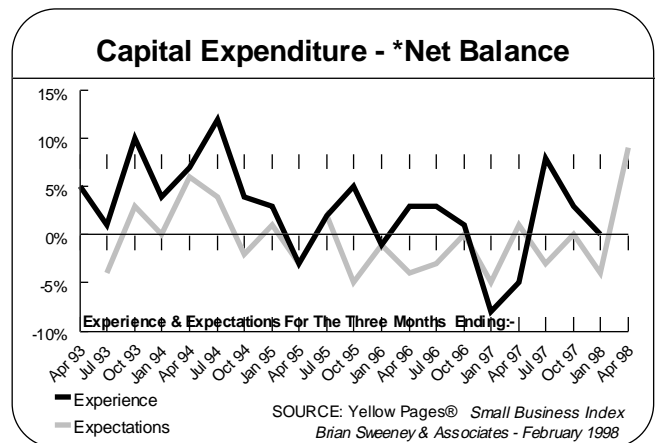
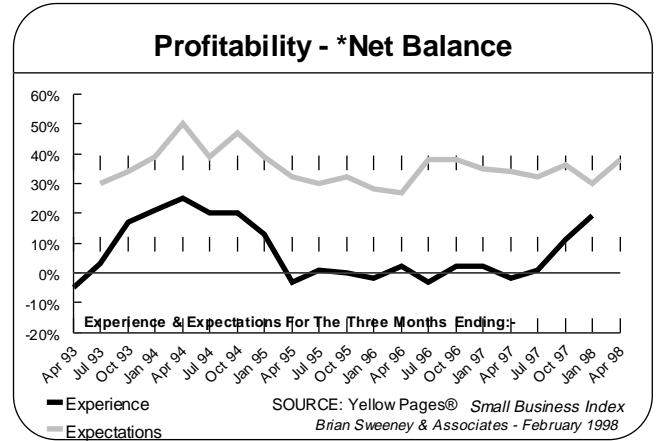
The lift in profit growth was by far the strongest in manufacturing and in Victoria and Queensland.

Expected growth in profitability shows a strengthening in the current quarter (February-May).

No growth in capital expenditure was reported for the quarter to end January, with the number of proprietors reporting growth offset by the number reporting reductions.

Capital expenditure growth was strongest in manufacturing.

Expected capital expenditure growth has firmed significantly.

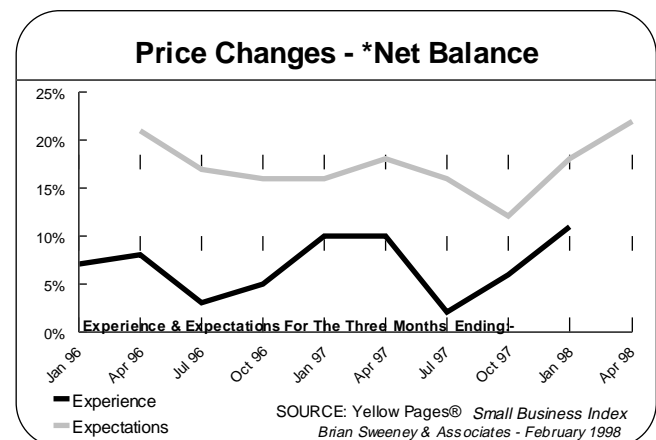


PRICES

Growth in prices charged was reported by an increased number of proprietors. A net 11% reported price increases in the three months to February compared with a net 6% for the previous quarter and a net 2% six months ago.

The expected growth in prices firmed for the second successive quarter.

Reported price growth was strongest in personal services and manufacturing. Expected price growth in the current quarter (February-April) is strongest in wholesale/retail and in manufacturing.



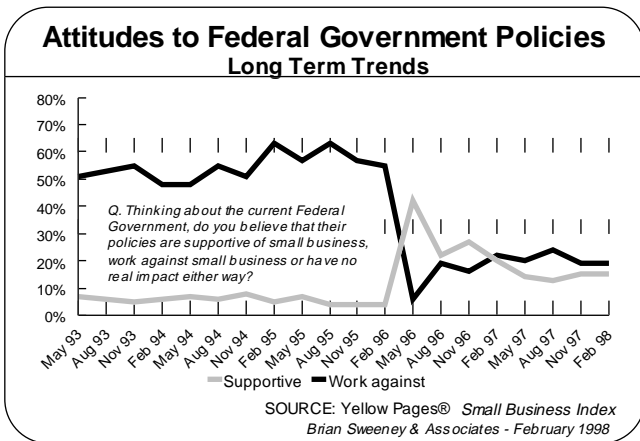
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ASSESSMENT OF FEDERAL GOVERNMENT POLICIES

Nationally, approval of Federal Government policies by small business proprietors remains negative, as it has been for the last three months.

However, in South Australia and the ACT the net level of approval firmed significantly.

Small businesses in building/construction are most likely to see Federal policies as working against small business.



Attitudes to Federal Government Policies
Past Five Quarters

	Feb 97	May 97	Aug 97	Nov 97	Feb 98
Supportive	20%	14%	13%	15%	15%
Work against	22%	20%	24%	19%	19%
No impact	58%	66%	63%	66%	66%
*Net Balance	-2%	-6%	-11%	-4%	-4%

SOURCE: Yellow Pages® Small Business Index
Brian Sweeney & Associates - February 1998



*Net balance is defined as the difference between the percentage reporting an increase and the percentage reporting a decrease.

THE IMPACT OF MOVEMENTS IN THE AUSTRALIAN DOLLAR

More than 40% of small businesses report that they will be negatively affected by the Asian currency crisis. Very few proprietors see a positive effect.

In net terms, 39% of small businesses surveyed in February believe they will be negatively affected, up from a net 26% in November.

However, few (2%) spontaneously mentioned this as a current business problem.

Small business proprietors are more likely to believe that they will be adversely affected by the fall in the Australian dollar against the U.S. and European currencies than by the rise of the Australian dollar against the Asian currencies.

The level of concern about the fall in the value of our dollar has increased since the November survey.

Impact of Asian Currency Crisis

	Nov 97	Feb 98
Negative effect	32%	42%
Positive effect	<u>6%</u>	<u>3%</u>
*Net balance	26%	39%
No effect	60%	54%
Can't say	2%	1%

Q : Will the recent financial crisis in S.E. Asia affect your business negatively, positively or have no effect?

SOURCE: Yellow Pages® Small Business Index
Brian Sweeney & Associates - February 1998

Impact of Fall of Australian Dollar Against US and European Currencies

	Nov 97	Feb 98
Negative effect	29%	37%
Positive effect	<u>12%</u>	<u>11%</u>
*Net balance	17%	26%
No effect	55%	49%
Can't say	3%	2%

Q : If the Australian dollar was to continue to fall in value against the US and European currencies would this affect your business negatively, positively or have no effect?

SOURCE: Yellow Pages® Small Business Index
Brian Sweeney & Associates - February 1998

Impact of Rise of Australian Dollar Against Asian Currencies

	Nov 97	Feb 98
Negative effect	19%	20%
Positive effect	<u>13%</u>	<u>11%</u>
*Net balance	6%	9%
No effect	64%	66%
Can't say	4%	3%

Q : If the Australian dollar was to continue to rise in value against the S.E. Asian currencies would this affect your business negatively, positively or have no effect?

SOURCE: Yellow Pages® Small Business Index
Brian Sweeney & Associates - February 1998

*Net balance is defined as the difference between the percentage reporting an increase and the percentage reporting a decrease.

A COMPARISON WITH MEDIUM-SIZED BUSINESS

For the first time since its inception, the Index examined the views of medium-sized business proprietors — those employing between 20 and 200 employees. While medium businesses will not be included in the Index on an ongoing basis, an occasional examination of the segment is useful. The results for medium businesses are based on some 450 interviews across Australia. While the survey of medium businesses uses the same methodology as for small businesses, it has no comparable time series.

Medium business proprietors are considerably more positive about their prospects than their small business counterparts. A net 61% expressed confidence for the next year — well above the 51% figure for small business.

Medium businesses experienced similar strong sales growth to small businesses in the January quarter.

This sales growth and greater general confidence has translated into employment growth. With a net 9% reporting growth. (In contrast, for small businesses, the number reporting a growth in employment equalled the number reporting a fall.) However, medium business job growth expectations for the current three months and for the next 12 months are only slightly firmer than the expectations of small businesses.

Medium businesses are more concerned than small businesses over the impact of the Asian currency crisis. One in ten medium business proprietors spontaneously singled out the Asian currency crisis as a problem in their business — versus just 2% of their small business counterparts. When asked specifically will events in S.E. Asia affect their business, medium businesses again reported higher negative expectations.

In terms of other unprompted concerns, those running medium businesses are also more likely to single out lack of work, competition and finding quality staff as problems in their businesses but are less concerned about cashflow.

Key Indicator Comparisons Net Balance for February 1998

	Small Business	Medium Business
Overall Confidence:		
Total Confident	65%	73%
Total Worried	14%	12%
*Net Balance	51%	61%
Experience for Past 3 Months:		
Value of sales	21%	21%
Size of workforce	0%	9%
Expectations for Next 3 Months:		
Value of sales	41%	38%
Size of workforce	10%	13%
Expectations for Next 12 Months:		
Value of sales	58%	54%
Size of workforce	22%	26%

SOURCE: Yellow Pages® Small Business Index
Brian Sweeney & Associates - February 1998

Impact of the Asian Currency Crisis Comparisons February 1998

	Small Business	Medium Business
Overall effect of crisis on business		
Negative	42%	48%
Positive	3%	4%
*Net balance	39%	44%
Effect of continuing A\$ rise against Asian currencies		
Negative	20%	27%
Positive	11%	15%
*Net balance	9%	12%
Effect of continuing A\$ fall against US/Euro currencies		
Negative	37%	41%
Positive	11%	20%
*Net balance	26%	21%

SOURCE: Yellow Pages® Small Business Index
Brian Sweeney & Associates - February 1998

Prime Concerns (Unprompted) February 1998

	Small Business	Medium Business
Lack of work	16%	21%
Cashflow	12%	5%
Confidence	8%	5%
Competition	8%	12%
Finding quality staff	5%	12%
Asian currency crisis	2%	10%
None	30%	17%

SOURCE: Yellow Pages® Small Business Index
Brian Sweeney & Associates - February 1998

*Net balance is defined as the difference between the percentage reporting an increase and the percentage reporting a decrease.

Small Business Outlook - National

- Sales growth very strong for second successive quarter, best levels since October 1994. Expectations firmer.
- Increased concern over Asian financial crisis.
- Confidence marginally increased.
- Zero job growth. Expectations weaker.
- Rising growth in prices.
- Twelve-month expectations for the economy significantly weaker.
- Assessment of Federal policies stable but negative.

TRENDS IN PAST THREE MONTHS' EXPERIENCE AND CURRENT QUARTER EXPECTATIONS - NATIONAL

SOURCE: Yellow Pages®
Small Business Index

			<u>FEB 1997</u>	<u>MAY 1997</u>	<u>AUG 1997</u>	<u>NOV 1997</u>	<u>FEB 1998</u>	
			%	%	%	%	%	
CONFIDENCE IN OWN BUSINESS	POSITIVE		61	60	62	65	65	
PROSPECTS IN NEXT 12 MONTHS	NEGATIVE		17	20	20	16	14	
	NET BALANCE		+44	+40	+42	+49	+51	
		ACTUAL EXPERIENCE DURING:						EXPECTATIONS FOR:
			<u>NOV-JAN</u>	<u>FEB-APR</u>	<u>MAY-JUL</u>	<u>AUG-OCT</u>	<u>NOV-JAN</u>	<u>FEB-APR</u>
			<u>96/97</u>	<u>1997</u>	<u>1997</u>	<u>1997</u>	<u>97/98</u>	<u>1998</u>
			%	%	%	%	%	%
SALES VALUE:	INCREASE		38	35	36	44	45	52
	DECREASE		31	31	31	23	24	11
	NET BALANCE		+7	+4	+5	+21	+21	+41
SIZE OF WORKFORCE:	INCREASE		14	13	12	12	11	13
	DECREASE		14	10	12	11	11	3
	NET BALANCE		0	+3	0	+1	0	+10
WAGES BILL:	INCREASE		23	20	21	23	22	23
	DECREASE		13	13	14	11	13	6
	NET BALANCE		+10	+7	+7	+12	+9	+17
PRICES:	INCREASE		17	18	15	15	18	26
	DECREASE		8	9	13	9	7	4
	NET BALANCE		+9	+9	+2	+6	+11	+22
PROFITABILITY:	INCREASE		34	31	31	38	40	49
	DECREASE		32	33	30	27	21	11
	NET BALANCE		+2	-2	+1	+11	+19	+38
CAPITAL EXPENDITURE:	INCREASE		17	20	26	23	20	26
	DECREASE		25	25	18	20	20	17
	NET BALANCE		-8	-5	+8	+3	0	+9

* Net balance is defined as the difference between the percentage of small businesses reporting an increase and the percentage reporting a decrease.

Small Business Outlook - NSW

- Strongest perception of economic growth.
- Strong sales and profit growth, expectations firmer.
- Employment sluggish, expectations weaker.
- Jump in prices growth.

TRENDS IN PAST THREE MONTHS' EXPERIENCE AND CURRENT QUARTER EXPECTATIONS - NSW

SOURCE: Yellow Pages®
Small Business Index

		FEB 1997	MAY 1997	AUG 1997	NOV 1997	FEB 1998					
		%	%	%	%	%					
CONFIDENCE IN OWN BUSINESS	POSITIVE	61	62	69	71	71					
PROSPECTS IN NEXT 12 MONTHS	NEGATIVE	14	19	17	16	14					
	NET BALANCE	+47	+43	+52	+55	+57					
		ACTUAL EXPERIENCE DURING:					EXPECTATIONS FOR:				
		NOV-JAN 96/97	FEB-APR 1997	MAY-JUL 1997	AUG-OCT 1997	NOV-JAN 97/98	FEB-APR 1997	MAY-JUL 1997	AUG-OCT 1997	NOV-JAN 97/98	FEB/APR 1998
		%	%	%	%	%	%	%	%	%	
SALES VALUE:	INCREASE	36	33	38	45	46	52	52	54	47	62
	DECREASE	33	29	27	18	22	15	10	9	12	9
	NET BALANCE	+3	+4	+11	+27	+24	+37	+42	+45	+35	+53
SIZE OF WORKFORCE:	INCREASE	17	12	15	11	8	14	12	13	16	11
	DECREASE	17	10	12	13	11	7	3	4	2	4
	NET BALANCE	0	+2	+3	-2	-3	+7	+9	+9	+14	+7
WAGES BILL:	INCREASE	23	21	22	23	23	23	17	26	27	24
	DECREASE	14	11	12	12	13	9	5	4	4	8
	NET BALANCE	+9	+10	+10	+11	+10	+14	+12	+22	+23	+16
PRICES:	INCREASE	17	19	15	12	20	18	25	16	21	24
	DECREASE	9	10	14	10	5	5	4	5	2	3
	NET BALANCE	+8	+9	+1	+2	+15	+13	+21	+11	+19	+21
PROFITABILITY:	INCREASE	31	29	32	39	41	46	49	47	50	60
	DECREASE	37	31	25	23	18	17	11	9	14	8
	NET BALANCE	-6	-2	+7	+16	+23	+29	+38	+38	+36	+52
CAPITAL EXPENDITURE:	INCREASE	14	21	27	21	24	22	19	25	18	26
	DECREASE	18	23	15	19	19	14	19	16	26	17
	NET BALANCE	-4	-2	+12	+2	+5	+8	0	+9	-8	+9

* Net balance is defined as the difference between the percentage of small businesses reporting an increase and the percentage reporting a decrease.

Small Business Outlook - Victoria

- Strong sales and profit, expectations unchanged.
- Workforce growth and expectations unchanged.
- Dramatic fall in expectations for the economy.

TRENDS IN PAST THREE MONTHS' EXPERIENCE AND CURRENT QUARTER EXPECTATIONS - VICTORIA

SOURCE: Yellow Pages®
Small Business Index

			<u>FEB 1997</u>	<u>MAY 1997</u>	<u>AUG 1997</u>	<u>NOV 1997</u>	<u>FEB 1998</u>					
			%	%	%	%	%					
CONFIDENCE IN OWN BUSINESS	POSITIVE		60	59	61	66	59					
PROSPECTS IN NEXT 12 MONTHS	NEGATIVE		20	20	19	16	14					
	NET BALANCE		+40	+39	+42	+50	+45					
		ACTUAL EXPERIENCE DURING:						EXPECTATIONS FOR:				
			NOV-JAN 96/97	FEB-APR 1997	MAY-JUL 1997	AUG-OCT 1997	NOV-JAN 97/98	FEB-APR 1997	MAY-JUL 1997	AUG-OCT 1997	NOV-JAN 97/98	FEB-APR 1998
			%	%	%	%	%	%	%	%	%	%
SALES VALUE:	INCREASE		40	39	37	45	46	53	46	48	51	49
	DECREASE		29	26	29	29	22	10	13	6	13	13
	NET BALANCE		+11	+13	+8	+16	+24	+43	+33	+42	+38	+36
SIZE OF WORKFORCE:	INCREASE		13	14	15	13	12	13	6	14	19	19
	DECREASE		13	6	9	9	10	3	4	5	3	1
	NET BALANCE		0	+8	+6	+4	+2	+10	+2	+9	+16	+18
WAGES BILL:	INCREASE		22	22	23	20	22	25	17	22	29	25
	DECREASE		10	8	14	9	8	5	7	4	5	5
	NET BALANCE		+12	+14	+9	+11	+14	+20	+10	+18	+24	+20
PRICES:	INCREASE		20	19	16	16	16	22	21	19	24	27
	DECREASE		6	7	13	9	8	4	5	5	1	4
	NET BALANCE		+14	+12	+3	+7	+8	+18	+16	+14	+23	+23
PROFITABILITY:	INCREASE		42	37	32	40	42	53	48	42	49	47
	DECREASE		28	28	28	30	20	10	14	9	15	15
	NET BALANCE		+14	+9	+4	+10	+22	+43	+34	+33	+34	+32
CAPITAL EXPENDITURE:	INCREASE		18	20	27	24	17	26	26	24	23	25
	DECREASE		32	24	14	23	19	24	27	30	19	17
	NET BALANCE		-14	-4	+13	+1	-2	+2	-1	-6	+4	+8

* Net balance is defined as the difference between the percentage of small businesses reporting an increase and the percentage reporting a decrease.

Small Business Outlook - Queensland

- Confidence lift following increased profitability, and continuing sales growth.
- Sales and profit expectations much firmer.
- Workforce growth unchanged.

TRENDS IN PAST THREE MONTHS' EXPERIENCE AND CURRENT QUARTER EXPECTATIONS - QUEENSLAND

SOURCE: Yellow Pages®
Small Business Index

			<u>FEB 1997</u>	<u>MAY 1997</u>	<u>AUG 1997</u>	<u>NOV 1997</u>	<u>FEB 1998</u>				
			%	%	%	%	%				
CONFIDENCE IN OWN BUSINESS	POSITIVE		58	54	49	51	59				
PROSPECTS IN NEXT 12 MONTHS	NEGATIVE		20	26	26	21	16				
	NET BALANCE		+38	+28	+23	+30	+43				
		<u>ACTUAL EXPERIENCE DURING:</u>					<u>EXPECTATIONS FOR:</u>				
		<u>NOV-JAN</u>	<u>FEB-APR</u>	<u>MAY-JUL</u>	<u>AUG-OCT</u>	<u>NOV-JAN</u>	<u>FEB-APR</u>	<u>MAY-JUL</u>	<u>AUG-OCT</u>	<u>NOV-JAN</u>	<u>FEB/APR</u>
		<u>96/97</u>	<u>1997</u>	<u>1997</u>	<u>1997</u>	<u>97/98</u>	<u>1997</u>	<u>1997</u>	<u>1997</u>	<u>97/98</u>	<u>1998</u>
		%	%	%	%	%	%	%	%	%	%
SALES VALUE:	INCREASE	40	33	34	42	45	48	45	51	40	48
	DECREASE	32	41	39	27	27	16	13	10	21	14
	NET BALANCE	+8	-8	-5	+15	+18	+32	+32	+41	+19	+34
SIZE OF WORKFORCE:	INCREASE	11	13	8	15	14	11	10	15	15	12
	DECREASE	10	15	17	12	12	6	4	6	8	5
	NET BALANCE	+1	-2	-9	+3	+2	+5	+6	+9	+7	+7
WAGES BILL:	INCREASE	25	18	16	27	22	18	22	23	20	23
	DECREASE	14	20	18	10	20	12	7	7	9	7
	NET BALANCE	+11	-2	-2	+17	+2	+6	+15	+16	+11	+16
PRICES:	INCREASE	9	18	10	15	19	31	14	15	16	27
	DECREASE	11	11	12	8	11	5	5	3	3	5
	NET BALANCE	-2	+7	-2	+7	+8	+26	+9	+12	+13	+22
PROFITABILITY:	INCREASE	33	25	26	37	40	45	40	44	36	45
	DECREASE	33	41	39	31	24	15	15	10	22	14
	NET BALANCE	0	-16	-13	+6	+16	+30	+25	+34	+14	+31
CAPITAL EXPENDITURE:	INCREASE	20	19	24	28	19	18	20	21	18	28
	DECREASE	27	30	25	21	24	27	29	28	29	20
	NET BALANCE	-7	-11	-1	+7	-5	-9	-9	-7	-11	+8

* Net balance is defined as the difference between the percentage of small businesses reporting an increase and the percentage reporting a decrease.

Small Business Outlook - SA

- Confidence strong and stable.
- Sales firm, but expectations eased.
- Profit stronger.
- Employment pick up but lower expectations.

TRENDS IN PAST THREE MONTHS' EXPERIENCE AND CURRENT QUARTER EXPECTATIONS - SA

SOURCE: Yellow Pages®
Small Business Index

			<u>FEB 1997</u>	<u>MAY 1997</u>	<u>AUG 1997</u>	<u>NOV 1997</u>	<u>FEB 1998</u>	
			%	%	%	%	%	
CONFIDENCE IN OWN BUSINESS	POSITIVE		60	67	66	71	67	
PROSPECTS IN NEXT 12 MONTHS	NEGATIVE		12	10	16	11	6	
	NET BALANCE		+48	+57	+50	+60	+61	
		<u>ACTUAL EXPERIENCE DURING:</u>						<u>EXPECTATIONS FOR:</u>
			<u>NOV-JAN</u>	<u>FEB-APR</u>	<u>MAY-JUL</u>	<u>AUG-OCT</u>	<u>NOV-JAN</u>	<u>FEB-APR</u>
			<u>96/97</u>	<u>1997</u>	<u>1997</u>	<u>1997</u>	<u>97/98</u>	<u>1998</u>
			%	%	%	%	%	%
SALES VALUE:	INCREASE		40	36	29	40	39	47
	DECREASE		20	25	30	23	23	8
	NET BALANCE		+20	+11	-1	+17	+16	+39
								+36
								+33
								+44
								+38
SIZE OF WORKFORCE:	INCREASE		16	12	6	10	14	15
	DECREASE		13	11	12	11	8	2
	NET BALANCE		+3	+1	-6	-1	+6	+13
								+6
								+7
								+16
								+10
WAGES BILL:	INCREASE		24	18	20	19	25	27
	DECREASE		11	14	17	15	12	3
	NET BALANCE		+13	+4	+3	+4	+13	+24
								+18
								+12
								+17
								+16
PRICES:	INCREASE		16	18	16	21	19	25
	DECREASE		8	11	7	8	6	4
	NET BALANCE		+8	+7	+9	+13	+13	+21
								+21
								+21
								+13
								+19
								+24
PROFITABILITY:	INCREASE		35	31	25	32	33	48
	DECREASE		21	30	30	26	23	10
	NET BALANCE		+14	+1	-5	+6	+13	+38
								+34
								+28
								+37
								+36
CAPITAL EXPENDITURE:	INCREASE		19	19	21	18	18	21
	DECREASE		28	25	29	18	15	27
	NET BALANCE		-9	-6	-8	0	+3	-6
								0
								+5
								+1
								+9

* Net balance is defined as the difference between the percentage of small businesses reporting an increase and the percentage reporting a decrease.

Small Business Outlook - WA

- Sales growth down but expectations stable.
- Profit stable but expectations down.
- Capital expenditure turnaround.
- Price pressures increasing.
- Negative expectations for economy over next 12 months.

TRENDS IN PAST THREE MONTHS' EXPERIENCE AND CURRENT QUARTER EXPECTATIONS - WA

SOURCE: Yellow Pages®
Small Business Index

		FEB 1997	MAY 1997	AUG 1997	NOV 1997	FEB 1998					
		%	%	%	%	%					
CONFIDENCE IN OWN BUSINESS	POSITIVE	70	64	67	65	69					
PROSPECTS IN NEXT 12 MONTHS	NEGATIVE	12	13	19	13	14					
	NET BALANCE	+58	+51	+48	+52	+55					
		ACTUAL EXPERIENCE DURING:					EXPECTATIONS FOR:				
		NOV-JAN 96/97	FEB-APR 1997	MAY-JUL 1997	AUG-OCT 1997	NOV-JAN 97/98	FEB-APR 1997	MAY-JUL 1997	AUG-OCT 1997	NOV-JAN 97/98	FEB/APR 1998
		%	%	%	%	%	%	%	%	%	
SALES VALUE:	INCREASE	35	39	38	42	39	47	35	58	47	41
	DECREASE	33	31	35	22	28	10	14	5	10	7
	NET BALANCE	+2	+8	+3	+20	+11	+37	+21	+53	+37	+34
SIZE OF WORKFORCE:	INCREASE	16	12	11	10	12	16	8	11	12	10
	DECREASE	13	11	7	12	12	5	4	2	0	2
	NET BALANCE	+3	+1	+4	-2	0	+11	+4	+9	+12	+8
WAGES BILL:	INCREASE	17	11	21	22	14	24	14	19	23	17
	DECREASE	15	11	13	11	11	9	6	2	2	5
	NET BALANCE	+2	0	+8	+11	+3	+15	+8	+17	+21	+12
PRICES:	INCREASE	22	15	17	20	16	18	20	19	14	34
	DECREASE	5	7	11	7	8	4	3	7	5	2
	NET BALANCE	+17	+8	+6	+13	+8	+14	+17	+12	+9	+32
PROFITABILITY:	INCREASE	31	33	34	36	37	43	35	51	44	30
	DECREASE	29	34	32	26	25	11	14	5	11	11
	NET BALANCE	+2	-1	+2	+10	+12	+32	+21	+46	+33	+19
CAPITAL EXPENDITURE:	INCREASE	19	19	26	23	15	18	20	15	16	20
	DECREASE	26	25	16	22	20	21	22	24	24	9
	NET BALANCE	-7	-6	+10	+1	-5	-3	-2	-9	-8	+11

* Net balance is defined as the difference between the percentage of small businesses reporting an increase and the percentage reporting a decrease.

Small Business Outlook - Tasmania

- Strongest expectations for improved economy over next 12 months.
- Continued strong sales growth but expectations down.
- Profitability down but expectations constant.
- Lift in capital expenditure and expectations firmer.

TRENDS IN PAST THREE MONTHS' EXPERIENCE AND CURRENT QUARTER EXPECTATIONS - TASMANIA

SOURCE: Yellow Pages®
Small Business Index

		FEB 1997	MAY 1997	AUG 1997	NOV 1997	FEB 1998					
		%	%	%	%	%					
CONFIDENCE IN OWN BUSINESS	POSITIVE	49	51	54	47	51					
PROSPECTS IN NEXT 12 MONTHS	NEGATIVE	21	27	22	19	18					
	NET BALANCE	+28	+24	+32	+28	+33					
		ACTUAL EXPERIENCE DURING:					EXPECTATIONS FOR:				
		NOV-JAN 96/97	FEB-APR 1997	MAY-JUL 1997	AUG-OCT 1997	NOV-JAN 97/98	FEB-APR 1997	MAY-JUL 1997	AUG-OCT 1997	NOV-JAN 97/98	FEB/APR 1998
		%	%	%	%	%	%	%	%	%	
SALES VALUE:	INCREASE	33	20	27	50	43	32	31	44	53	35
	DECREASE	32	41	41	29	24	14	24	8	9	6
	NET BALANCE	+1	-21	-14	+21	+19	+18	+7	+36	+44	+29
SIZE OF WORKFORCE:	INCREASE	11	9	4	8	13	4	3	6	7	5
	DECREASE	5	12	17	10	9	9	12	4	4	4
	NET BALANCE	+6	-3	-13	-2	+4	-5	-9	+2	+3	+1
WAGES BILL:	INCREASE	19	16	21	19	18	12	15	12	16	16
	DECREASE	9	23	18	14	8	7	11	5	8	8
	NET BALANCE	+10	-7	+3	+5	+10	+5	+4	+7	+8	+8
PRICES:	INCREASE	19	18	15	17	25	19	16	19	22	28
	DECREASE	2	10	7	5	8	0	4	4	0	3
	NET BALANCE	+17	+8	+8	+12	+17	+19	+12	+15	+22	+25
PROFITABILITY:	INCREASE	29	19	24	48	42	37	29	40	42	36
	DECREASE	35	46	47	25	30	11	24	6	10	5
	NET BALANCE	-6	-27	-23	+23	+12	+26	+5	+34	+32	+31
CAPITAL EXPENDITURE:	INCREASE	17	19	20	10	24	11	17	20	13	23
	DECREASE	18	28	30	14	17	25	41	20	18	14
	NET BALANCE	-1	-9	-10	-4	+7	-14	-24	0	-5	+9

* Net balance is defined as the difference between the percentage of small businesses reporting an increase and the percentage reporting a decrease.

Small Business Outlook - NT

- Highest confidence across states and territories albeit weaker than three months ago.
- Sales and profit reductions in latest quarter, but strongest expectations.
- Equal highest level of approval for Federal policies.

TRENDS IN PAST THREE MONTHS' EXPERIENCE AND CURRENT QUARTER EXPECTATIONS - NT

SOURCE: Yellow Pages®
Small Business Index

		FEB 1997	MAY 1997	AUG 1997	NOV 1997	FEB 1998					
		%	%	%	%	%					
CONFIDENCE IN OWN BUSINESS	POSITIVE	66	66	85	84	80					
PROSPECTS IN NEXT 12 MONTHS	NEGATIVE	15	15	8	7	13					
	NET BALANCE	+51	+51	+77	+77	+67					
		ACTUAL EXPERIENCE DURING:					EXPECTATIONS FOR:				
		NOV-JAN 96/97	FEB-APR 1997	MAY-JUL 1997	AUG-OCT 1997	NOV-JAN 97/98	FEB-APR 1997	MAY-JUL 1997	AUG-OCT 1997	NOV-JAN 97/98	FEB/98
		%	%	%	%	%	%	%	%	%	
SALES VALUE:	INCREASE	33	35	44	38	33	41	71	53	31	67
	DECREASE	39	33	29	13	39	15	8	11	22	5
	NET BALANCE	-6	+2	+15	+25	-6	+26	+63	+42	+9	+62
SIZE OF WORKFORCE:	INCREASE	10	17	37	12	19	15	35	10	24	33
	DECREASE	29	40	11	21	11	12	4	8	10	3
	NET BALANCE	-19	-23	+26	-9	+8	+3	+31	+2	+14	+30
WAGES BILL:	INCREASE	27	23	34	17	21	20	43	15	26	44
	DECREASE	20	25	14	12	23	16	7	11	19	6
	NET BALANCE	+7	-2	+20	+5	-2	+4	+36	+4	+7	+38
PRICES :	INCREASE	17	12	13	14	17	20	25	23	18	22
	DECREASE	7	8	12	3	9	3	6	3	1	2
	NET BALANCE	+10	+4	+1	+11	+8	+17	+19	+20	+17	+20
PROFITABILITY:	INCREASE	32	36	39	33	34	36	55	49	23	58
	DECREASE	33	31	18	18	37	14	7	16	20	5
	NET BALANCE	-1	+5	+21	+15	-3	+22	+48	+33	+3	+53
CAPITAL EXPENDITURE:	INCREASE	18	39	46	22	33	22	32	31	27	31
	DECREASE	28	11	14	10	23	25	24	18	28	20
	NET BALANCE	-10	+28	+32	+12	10	-3	+8	+13	-1	+11

* Net balance is defined as the difference between the percentage of small businesses reporting an increase and the percentage reporting a decrease.

Small Business Outlook - ACT

- Most negative assessment of impact of Federal policies on small businesses despite firming.
- Strongest sales growth.
- Continued strong profit although slower than the last quarter.

TRENDS IN PAST THREE MONTHS' EXPERIENCE AND CURRENT QUARTER EXPECTATIONS - ACT

SOURCE: Yellow Pages®
Small Business Index

			<u>FEB 1997</u>	<u>MAY 1997</u>	<u>AUG 1997</u>	<u>NOV 1997</u>	<u>FEB 1998</u>	
			%	%	%	%	%	
CONFIDENCE IN OWN BUSINESS	POSITIVE		58	46	56	63	60	
PROSPECTS IN NEXT 12 MONTHS	NEGATIVE		23	40	25	19	15	
	NET BALANCE		+35	+6	+31	+44	45	
		<u>ACTUAL EXPERIENCE DURING:</u>						<u>EXPECTATIONS FOR:</u>
			<u>NOV-JAN 96/97</u>	<u>FEB-APR 1997</u>	<u>MAY-JUL 1997</u>	<u>AUG-OCT 1997</u>	<u>NOV-JAN 97/98</u>	<u>FEB-APR 1998</u>
			%	%	%	%	%	%
SALES VALUE:	INCREASE		37	26	41	49	46	56
	DECREASE		34	47	26	16	19	12
	NET BALANCE		+3	-21	+15	+33	+27	+44
SIZE OF WORKFORCE:	INCREASE		12	17	13	12	12	11
	DECREASE		11	13	11	10	13	5
	NET BALANCE		+1	+4	+2	+2	-1	+6
WAGES BILL:	INCREASE		25	18	16	30	32	23
	DECREASE		16	14	9	11	11	7
	NET BALANCE		+9	+4	+7	+19	+21	+16
PRICES:	INCREASE		8	15	13	13	13	21
	DECREASE		9	13	7	7	5	2
	NET BALANCE		-1	+2	+6	+6	+8	+19
PROFITABILITY:	INCREASE		34	22	33	45	38	51
	DECREASE		38	54	27	14	20	13
	NET BALANCE		-4	-32	+6	+31	+18	+38
CAPITAL EXPENDITURE:	INCREASE		13	17	20	17	29	24
	DECREASE		23	18	17	21	15	19
	NET BALANCE		-10	-1	+3	-4	+14	+5

* Net balance is defined as the difference between the percentage of small businesses reporting an increase and the percentage reporting a decrease.

***YELLOW PAGES* SMALL BUSINESS INDEX "SPECIAL REPORTS"**

Since the inception of the Small Business Index, a range of Special Reports has been produced. Major reports include:

SOCIAL ISSUES - NOVEMBER 1993

WOMEN IN BUSINESS - JULY 1994 & FEBRUARY 1996

INDUSTRIAL RELATIONS AND THE NEW NATIONAL TRAINING WAGE - SEPTEMBER 1994

ATTITUDES TO GOVERNMENT - OCTOBER 1994 & NOVEMBER 1995

THE IMPACT OF THE DROUGHT ON RURAL SMALL BUSINESS - NOVEMBER 1994

SMALL BUSINESS GROWTH ASPIRATIONS AND THE ROLE OF EXPORTS - FEBRUARY 1995

TECHNOLOGY IN THE SMALL BUSINESS SECTOR - JULY 1995, JULY 1996, AUGUST 1997

FINANCE & BANKING ISSUES - AUGUST 1995

Other special topics investigated include NSW Bushfires, the Sydney Olympics, Exports, Australian Made and other Credential Advertising, and Employment Skills and Training.

For further information on these reports, please contact: Pacific Access
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The regular *Yellow Pages* Small Business Index reports are updated each quarter (February, May, August and November). The latest report can be accessed on Australia's *Yellow Pages* site on the Internet:

<http://www.yellowpages.com.au/sbr/sbindex>

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